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C O N F I D E N T I A L SECTION 01 OF 02 KABUL 002707

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TAGS: [PINR](#) [ECIN](#) [ECON](#) [PGOV](#) [AF](#)
SUBJECT: AFGHAN BUDGET DEBATE (C-NE6-00713)

REF: A. STATE 92001
[1](#)B. KABUL 2551
[1](#)C. KABUL 2323
[1](#)D. KABUL 1976
[1](#)E. COBERLY E-MAIL 5/10/06
[1](#)F. COBERLY E-MAIL 5/16/06

Classified By: A/DCM ANGUS SIMMONS FOR REASONS 1.4 (B) AND (D)

[1](#)1. (SBU) SUMMARY. This cable is a response to Department's request for additional reporting on the Afghan National Assembly debate on the budget (REF A). END SUMMARY.

[1](#)2. (C) Below are the responses, by question:

[1](#)A. What were the major points of debate on the budget?
Please see REF C, para 5, REF D, para 4, REF E.

[1](#)B. How long did the debate take? What are the next steps for approval? The lower house of Parliament (Wolesi Jirga/WJ) debated the budget April 29-May 10 (REF B, REF E), May 20-21 (REF C) and June 3 (REF B). The Wolesi Jirga approved the budget on June 3 (REF B).

[1](#)C. What was the reaction of the majority of MPs? How engaged/interested were the MPs? Did the MPs seem to understand the budgeting process and their role in it? Which MPs were the most outspoken on this issue? Please see REF D, paras 4 and 10, REF C, para 6 and 8. MPs were highly engaged and interested in the budget process, but overall had a poor understanding of their role and the role of budgets. No single or group of MPs were particularly outspoken on the budget - debate was spread out amongst a large cross-section of MPs.

[1](#)D. Which line items were most controversial or contentious? What changes did Assembly members ask for? Did MPs ask for additional funding for specific ministries, projects, or provinces? Did any "backroom" negotiations or "horsetrading"

take place? Were any coalitions or alliances among members evident? Please see REF C para 3, REF E, REF F. Per REF F (notal): In a letter from Speaker Qanooni to President Karzai, the Wolessi Jirga asked for four main changes to the recurrent budget:

- Civil service pay increase across the board of 670 AFs a person (around USD 13)
- Increase allotments to the disabled by 100%
- Increase pensions by 60%
- Increase the budgets for Parliament and Provincial Councils by around 200 million AFs

In this letter, the WJ also made more general comments on economic policy (calling for a uniform pay system for civil servants, for example) and on the development budget (for example, stating that development projects should be spread equitably among all provinces). As noted in REF C, para 9, the initial rejection of the budget points to the fact that the GOA did not spend time making backroom deals in order to get its budget passed. While there were meetings with the WJ leadership outside of Parliament session, overall the budget process was fairly open. The only coalition in evidence was one of MPs from self-described "disadvantaged" provinces - including Ghor, Sar-e Pol, Badakhshan, Bamyan - who wanted to increase funding to development projects in their provinces, and did succeed in obtaining a small increase in funds designated for roads in the Hazarajat. The only concessions the GOA made in the general budget were a small increase in civil service salaries and payments to the disabled (REF B).

1E. What was the Parliament's reaction to Finance Minister Ahadi? What comments did Ahadi make regarding the budgeting

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process and debate? How did Ahadi reconcile various MPs and Ministries' requests for funding? While Parliament was initially impressed with Ahadi's experience and education, MPs quickly became annoyed with the perceived lack of information on the budget provided by the GOA. Please see REF C, paras 4 and 9, REF B, para 4, REF D, paras 3 and 11. Ahadi proved a bit tone deaf in dealing with Parliament, persisting in arguments that the GOA needs to abide by international constraints long after those arguments were rejected by Parliament. Note that Ahadi did not need to reconcile MPs' requests with the Ministries, but with the IMF. See REF C, para 4.

1F. What was discussed regarding the proposed wage increases for civil servants? See reftels. This was the main point of debate.

1G. What was the role of the Budget Committee? The WJ Budget Committee reviewed the budget in Committee session (note that these are more like working group meetings than US Congress committee meetings) and prepared a report on the budget in line with the WJ's rules of procedure. The Committee Chair (Zazai) and two other members (Sadiq Ahmad Osman, the rapporteur, and Mohammad Naim Farahi) presented their report to the full Wolessi Jirga on May 8 (REF F). The report was used as the basis for the letter written by Qanooni to the President, but the letter was far more extensive in its demands than the Budget Committee's report. Overall, Chairman Zazai did not use his position effectively - he passed up opportunities to question Ahadi when Ahadi was before Parliament and was perceived as being too close to the government by many MPs.

13. (SBU) If Post's reporting on Parliament, all of which is tagged PINR, is not reaching the proper Washington analysts, please email Carolyn Coberly at coberlych@state.gov so that cables can be slugged for the proper individuals. Post also sends regular informal reports on Parliament to the Desk; please email Carolyn Coberly if additional people need to be added to the distribution list.

